

**IN THE UNITED STATES BANKRUPTCY COURT FOR
THE DISTRICT OF MARYLAND**

IN RE:

*

AUTHSEC, INC.

*

Case No. 08-25177DWK

Debtor In Possession

*

(Chapter 11)

IN RE:

*

MARION D. BISHOFF

*

Case No. 08-25178DWK

Debtor In Possession

*

(Chapter 11)

Jointly Administered Under

Case No. 08-25177

**Authsec, Inc. and
Marion D. Bishoff**

*

*

Movants

*

vs,

*

Mark D. Rohrbach, et al.

*

Respondents

**MOTION TO LIFT STAY
AND PERMIT APPEAL TO PROCEED**

Pursuant to 11 U.S.C. §362(d) and Rules 4001(a) and 9014 of the Federal Rules of Bankruptcy Procedure, the Movants, Authsec, Inc. and Marion D. Bishoff by and through their undersigned counsel, hereby move this Court to lift the stay in this case so as to permit the Movants to continue prosecution of their pending appeal against the Respondents, Mark D. Rohrbach, et al. in the State of Maryland Court of Special Appeals, and for grounds state as follows:

1. That on or about November 18, 2008, the Debtors/Movants, Authsec, Inc. and Marion D. Bishoff, filed voluntary petitions for relief under Chapter 11 of the

Bankruptcy Code, and on November 20, 2008, an Order was passed consolidating the administration of these cases.

2. On or about June 19, 2008, judgment was entered against the Debtors, Authsec and Marion Bishoff, inter alia, as a result of a jury verdict entered in the Circuit Court for Howard County in Civil Case No. 13C06067095 in favor of Mark D. Rohrbach in the amount of \$1,478,000.00 for breach of contract and \$500,000.00 for negligent misrepresentation.

3. That an Appeal was timely noted to the Court of Special Appeals of the State of Maryland (COSA) which ordered, inter alia, all further proceedings be stayed pending further order of the United States Bankruptcy Court, in their docket as 1766 September Term 2008.

4. That this pending action is a civil appeal brought by the Debtors and stayed by §362 of the U.S. Bankruptcy Code and the suggestion of Chapter 11 Bankruptcy filing, filed therein, preventing Movants from proceeding with the remainder of the Appeal proceedings, scheduling of hearing and review by the “COSA”, which has placed this matter on Page C Status rendering it inactive until the Stay is lifted.

5. That this action is a core proceeding as provided under 28 U.S.C. §§157(b)(2)(B), (C) and (G). However, it may require abstention by this Court under 28 U.S.C. 1334(c)(2) since it may require determination under Maryland Law and should be allowed to proceed in the Court where it is currently pending.

6. That the Movants seek relief from the Stay so that the “COSA” may rule on the issues of fact and law properly brought before it regarding the issues of liability and damages, and resolve the pending action.

7. That the relief sought is for the purposes of determining issues of liabilities in the appeal and no action will be taken without further reference to the Bankruptcy Court to enforce any liability determined to exist.

WHEREFORE, Movants respectfully pray that the relief for the automatic stay be granted to allow the Movants to proceed with their claim in the Court of Special Appeals of the State of Maryland; and, have such other and further relief as the nature of their cause may require.

/s/ Howard M. Heneson #09019
Howard M. Heneson #09019
Howard M. Heneson, Esq.
810 Gleneagles Court
Suite 301
Towson, Maryland 21286
(410)494-8388
hheneson@bankruptcymd.com

CERTIFICATE OF SERVICE

I hereby certify, that on this 1st day of June 2008, a copy of the foregoing Motion to Lift Stay and Permit Civil Appeal to Proceed, was mailed via ECF and U.S. Postal Service, postage prepaid, unto:

Mark.shach@weinstocklegal.com
Marc E. Shach, Esq.
Weinstock, Friedman & Friedman PA
Executive Center
4 Reservoir Circle
Baltimore, Maryland 21208-7301

Mark D. Rohrbach
14625 Deerwood Street
Poway, CA 92064

Office of the U.S. Trustee
101 W. Lombard Street, Rm. 2625
Baltimore, Maryland 21201

/s/ Howard M. Heneson
Howard M. Heneson